

**I claim:**

1. A method for making installment payments to a creditor, comprising:
  - (a) deducting amounts from a consumer's paycheck according to the employee's authorizations;
  - 5 (b) forwarding the deducted amounts to a financial intermediary to be held in a custodial account;
  - (c) establishing send dates for each installment payment due;
  - (d) monitoring the send dates for all payments to determine whether a payment is to be sent to the creditor;
  - 10 (e) if a payment is to be sent to the creditor, determining whether there are sufficient funds in the custodial account to make the payment; and
  - (f) if there are sufficient funds in the custodial account to make the payment, forwarding payment to the creditor.
2. The method of claim 1, wherein step (a) includes indicating the amounts deducted from the consumer's paycheck on a paystub.
- 15 3. The method of claim 1, wherein step (b) including maintaining the funds in the custodial account in cash equivalent instruments.
4. The method of claim 3, wherein step (b) including annually crediting the consumer with a portion of interest earned on the funds in the custodial account.
- 20 5. The method of claim 1, wherein in step (e), if it determined that there are not sufficient funds to make a payment to the creditor, the following step is performed: sending a notice of insufficient funds to the consumer.

6. The method of claim 1, wherein step (f) includes determining whether the creditor accepts electronic payments and, if so, forwarding an electronic payment to the creditor.

7. The method of claim 6, wherein if it determined that the creditor does not accept electronic payments, step (f) includes forwarding a non-electronic payment to the creditor.

8. The method of claim 1, further including the following step (g):

(g) providing the consumer with a standard communication of payment receipt from the creditor.

10 9. A method for setting up a system for using payroll debits to make installment payments, comprising:

(a) performing an assessment of eligibility of a consumer to participate in the payment system;

(b) determining whether the consumer's employer is a participant in the system;

(c) if the employer is a participant in the system, completing an authorization form and sending the completed authorization form to a financial intermediary;

(d) determining from the authorization form whether payables and receivables are in balance;

20 (e) if the payables and receivables are in balance, setting up a consumer account;

(f) forwarding the authorization to the employer; and

(g) setting up employee payroll deductions.

10. The method of claim 9, wherein, if it determined in step (b) that the employer is not a participant in the program, the method further includes:  
determining whether the employer is willing to participate in the payment system  
5 and setting up a template for payroll deduction and funds transfer.

11. The method of claim 9, wherein, if is determined in step (d) that the payables and receivables are not in balance, the method further includes:  
contacting the consumer to resolve payables and receivables issues.

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